



**AGENDA ITEM**

6.2

**CTM BOARD**

**CAPITAL PROGRAMME, 2022/23, MONTH 6 POSITION**

<b>Date of meeting</b>	24/11/2022
<b>FOI Status</b>	Open/Public
<b>If closed please indicate reason</b>	Not Applicable - Public Report
<b>Prepared by</b>	Rosie Cavill, Head of Capital
<b>Presented by</b>	Sally May, Director of Finance, Procurement, Capital and Estates
<b>Approving Executive Sponsor</b>	Executive Director of Finance & Procurement
<b>Report purpose</b>	FOR NOTING

**Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)**

<b>Committee/Group/Individuals</b>	<b>Date</b>	<b>Outcome</b>
Matters discussed at ECMG	(26/10/2022)	SUPPORTED

**ACRONYMS**

CRL	Capital Resource Limit
AWCP	All Wales Capital Programme
ECMG	Executive Capital Management Group

**1. SITUATION/BACKGROUND**

1.1 The purpose of this report is to provide a month 6 update to the Health Board on the capital resource limit and capital expenditure and an



update on all current major capital projects.

- 1.2 As a result of the reductions to the 2022/23 capital programme across Wales, all Health Boards' discretionary capital allocations were reduced, this represented a 29% reduction for CTMUHB from the 21/22 position noted in table 1:

**Table 1 Discretionary Funding Position**

	Recurrent Discretionary pre21/22 £000	21/22 Funding £000	22/23 Recurrent Forecast Discretionary funding £000	22/23 Actual Discretionary Funding
<b>Funding Sources</b>				
Discretionary Capital Funding	10,230	10,945	7,782	6,182
10% Over commitment	1,023	1,095	778	1,051
<b>Total Anticipated Funding</b>	<b>11,253</b>	<b>12,040</b>	<b>8,560</b>	<b>7,233</b>
<b>% Reduction from Recurrent</b>			<b>24%</b>	<b>36%</b>
<b>% Reduction from 21/22 Actual</b>			<b>29%</b>	<b>40%</b>

- 1.3 Table 1 shows an opening discretionary capital allocation of £6.18M for 2022/23, after accounting for closing 21/22 adjustments, in addition the Executive Capital Management Group agreed to over commit the programme by 17% to manage inevitable year end slippage in capital schemes and the likely year end capital allocations from Welsh Government, consequently the 2022/23 discretionary funding amounts to **£7.2M.**

**2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)**

**2.1 Discretionary Capital Update**

The month 6 position of the discretionary programme is set out in table 2 and notes all approvals and commitments up to the end of October. It shows that the majority of the programme is committed with £881K contingency held to address both urgent equipment replacements and transformation funding is to be committed on the Ward 16 Princess of Wales Hospital (POWH) surge capacity and other urgent winter schemes.



**Table 2 Committed Discretionary Capital Programme**

	<b>Month 6 Position £000</b>
<b>Funding Sources</b>	
Discretionary Capital Funding	6,182
Property Disposals	525
17% Over commitment	1,051
<b>Total Anticipated Funding</b>	<b>7,758</b>
<b>Expenditure</b>	<b>-</b>
<b>Capital Scheme Commitments B/F</b>	
Total Schemes	1,445
<b>Total Funding (Including 10% over-commitment)</b>	<b>6,313</b>
Department Allocations	
IT Funding	1,269
ICT Expenditure Allocations	1,269
ICT Contingency Allocation	- 0
<b>Uncommitted Balance of ICT Allocation</b>	<b>0</b>
Statutory Compliance Funding	1,171
Statutory Expenditure Allocations	1,120
Statutory Contingency Allocation	50
<b>Balance of Statutory Contingency/Provision</b>	<b>1</b>
Backlog Maintenance Funding	1,814
Backlog Expenditure Allocations	1,794
Backlog contingency allowance	21
<b>Balance of Backlog Contingency/Provision</b>	<b>- 1</b>
Equipment Funding	944
Replacement Equipment Expenditure Allocations	491
Replacement equipment contingency allowance	453
<b>Balance of Equipment Contingency/Provision</b>	<b>-</b>
Service Design and New Equipment Funding	1,115
Service Redesign and New Equipment Expenditure Allocations	758
Service redesign contingency allowance	357
<b>Balance of Service Redesign Contingency/Provision</b>	<b>-</b>
<b>Sub Total Committed Expenditure</b>	<b>5,432</b>
<b>SUB TOTAL CONTINGENCY/PROVISION</b>	<b>881</b>
<b>TOTAL OVER COMMITMENT AGAINST FUNDED CRL</b>	<b>1,050</b>
<b>% Overcommitment Against Funded CRL</b>	<b>17%</b>

The spend to date on the discretionary programme is £3.0 which represents 40% of the approved programme.



### 3. 2022/23 Major Capital Programme

Table 3 shows that the current allocation for major capital projects is £55.4M, the current status and detail of the key projects is provided in the appendix A.

**Table 3**

	<b>22/23 £000</b>
<b>Discretionary Capital Funding</b>	<b>6,182</b>
<b>All Wales Capital Funding</b>	<b>55,420</b>
Prince Charles Hospital Refurbishment - Phase 2	48,708
Prince Charles Hospital Refurbishment - Phase 1b	32
Primary Care - Sunnyside	822
National Imaging Programme	3,080
Fire Enforcement Works - Princess of Wales - fees	397
Anti-ligature works	851
Electrical Infrastructure Modernisation at RGH	86
COVID 19 Recovery Plans	588
National Programmes – Infrastructure	51
National Programmes – Decarbonisation	319
National Programmes – Mental Health	174
DPIF - Digital Medicines Transformation Pre-implementation	17
DPIF - Welsh Patient Administration System (WPAS)	136
Fees Funding – Centralising Decontamination at POWH	59
Fit out and equipping of Innovation and Improvement “Space”	100
<b>Total Approved Funding</b>	<b>61,602</b>

- 3.1 In addition to the above, WG ring-fenced £2M across Wales to improve Emergency Care environments. Following a bidding process they have recently approved £545k to make improvements to Princess of Wales and Royal Glamorgan emergency departments.
- 3.2 The spend to date on the major capital programme is £28.9M which represents 48%
- 3.3 The total spend on both discretionary and major capital is £32.0M which represents 47%



#### 4. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 4.1 The risk of slippage in approved schemes remains under review with options for expenditure being developed.
- 4.2 Additional Welsh Government funding as the year continues remains both a risk and an opportunity for the Health Board and the capital team are putting in plans to be able to capitalise on any additional funding that arrives later in the financial year.
- 4.3 Welsh Government continue to report that the future years capital programme remains under pressure. The Health Board continue to work closely with Welsh Government to deliver and submit business cases to access funding. However availability of funding within the Health Board’s required timescales remains a significant risk to the future programme.

#### 5 IMPACT ASSESSMENT

<b>Quality/Safety/Patient Experience implications</b>	There are no specific quality and safety implications related to the activity outlined in this report.
<b>Related Health and Care standard(s)</b>	Governance, Leadership and Accountability If more than one Healthcare Standard applies please list below:
<b>Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.</b>	No (Include further detail below)  If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.  If no, please provide reasons why an EIA was not considered to be required in the box below.  Not required
<b>Legal implications / impact</b>	Yes (Include further detail below) Legal implication of the capital programme are assessed for each project and advice sought accordingly.



<b>Resource (Capital/Revenue £/Workforce) implications / Impact</b>	Yes (Include further detail below)
	The paper describes how capital resources are being directed to support the organisations objectives.
<b>Link to Strategic Goals</b>	Improving Care

## 6 RECOMMENDATION

The Board are asked to **DISCUSS** and **NOTE** the contents of the report and attached appendix.



## Appendix A – Detailed Major Capital Programme Update

### PCH Ground and First Floor Programme Phase 2

Phase 2 of the Ground and First Floor Refurbishment Programme, addressing the lifting of the Fire Enforcement Notice on Prince Charles Hospital, is currently in month 24 of a 68 month, £220M programme. Construction began in November 2020 and is anticipated to complete in June 2026.

The works are due to complete in June 2026 and are being delivered in 6 Sections of activity.

- Section 1 – Completed 8<sup>th</sup> April 2022
- Section 2 – Ongoing. Due to complete December 2022
- Section 3 – Ongoing. Due to complete April 2024
- Section 4 – Due to commence November 2023 and complete October 2024
- Section 5 – Due to commence November 2024 and complete June 2026
- Section 6 – Ongoing. Due to complete March 2023

Section 1 created decant space through refurbishing existing accommodation or providing modular buildings to house services so as to vacate space for the refurbishment of the original hospital.

Section 2 is a refurbishment within the original hospital to relocate Pathology on the 1<sup>st</sup> floor and is nearing completion.

Section 3 is ongoing refurbishment of the Out-patient, Therapies and Radiology Department on Ground Floor and Maxillofacial, Endoscopy, Oncology and Theatres areas on the 1<sup>st</sup> Floor.

Asbestos remediation has been undertaken in phases and is nearing completion. Construction of the Roof top plant rooms is ongoing with the independent structure erected for Plant-room A and foundations being constructed for Plant-rooms B and C.

Section 6 car parking enhancement has been completed. The site now provides 1313 spaces with 80 being disabled spaces. Replacement of hospital services infrastructure is ongoing.

To date the scheme has £48.708M funding for 22/23 which is kept under constant review. The sum was uplifted by £4M from the opening funding position. This was due to the pressures on the opening AWCP at WG level, the contractors programme indicated that



an additional £9M over the opening funding position would be required in April. By October this requirement had dropped to £7M and spend including inflation was tracking below the profiled funding level. As a result an increase of £4M funding to the £48M has been agreed and will be reviewed with WG in January with the final in year funding position agreed at that point. The cash flow profile is being managed on a risk share arrangement with WG due to its size and impact on the total capital programme.

**Bridgend Heath and Wellbeing Centre (Sunnyside)**

Total Approved Allocation £000	WG	Previous Years Spend £000	22/23 Opening CRL Allocation £000	Current Year forecast Spend £000	Completion Date
10,707		785	6,332	822	Autumn 2024

Funding of £10.7M was approved by WG in October 2020 for this scheme being delivered in partnership with Linc Cymru. At this point a contractor was appointed by Linc to develop the full site which is a joint housing and health wellness village. In early July 2021 however the contractor (WRW) went into administration. Linc formally terminated WRW’s contract and a full tender for a replacement contractor was undertaken. The closing date of 16<sup>th</sup> February 2022 saw only 2 tenders returned with one party subsequently withdrawing citing capacity issues (and has subsequently gone into administration). The final tender report from Linc’s consultants confirmed that the remaining tender had significant quality and qualification issues and did not represent value for money and thus the project has been left without a valid tender from this process.

Recently however Linc have had an approach from two further contractors who didn’t submit during the last tender exercise so it would not be possible to engage with them under the current tender process. Concerns remain over how to ensure value for money and procurement requirements as neither contractor wishes to enter a formal bidding process. These issues have been raised with Linc and the Health Board is currently awaiting a formal response from Linc addressing these issues.

Whilst these delays are of concern the greater concern now revolves around the infrastructure of the clinics that are part of the land swap once the building has completed. There are concerns about the safety



of both Bryntirion and Bryncethin Clinics with the latter having been closed and services temporarily transferred to Princess of Wales hospital whilst more suitable accommodation is identified.

### **National Programme Imaging Funding**

Project	Funding	Actual Expenditure £000	Forecast Expenditure £000	Over/(under) Spend £000
	Total £000	21/22	22/23	
POW Gamma Camera	1,080	-	1,145	65
POW Room 4	750	545	345	140
RGH Room 1	650	264	319	67
RGH Cas Room 1 XR17	650	264	314	72
RGH Cas Room 2 XR 13	650	264	299	87
YCR room 2	650	264	467	81
RGH MRI Upgrade	970	794	156	20
<b>Sub Total Schemes</b>	<b>5,400</b>	<b>2,394</b>	<b>3,046</b>	<b>40</b>
c arm	120	182	-	62
Ultrasound Replacement	160	19	-	141
<b>Total</b>	<b>5,680</b>	<b>2,595</b>	<b>3,046</b>	<b>-39</b>

In 21/22 WG confirmed that there would be funding for a 22/23 Imaging equipment replacement programme with a request for organisations to bring forward as much spend as possible. As a result the HB received the funding as outlined in the table above with much of the equipment funding provided in 21/22. As Room 4 at POWH failed in January 2022 and as there was an underspend on the 21/22 MRI and Fluoroscopy funding, it was agreed that via SQT and extension to the existing prime cost contract, the contractor would proceed to undertake room 4 works. However due to the speed at which this commenced the area was not fully designed. In 21/22 there was an £84K overspend on the total imaging allocations which was covered by discretionary and an allocation of £100K discretionary was set aside for this in the February meeting.

Room 4 proved to be a challenging project in terms of infrastructure and ventilation which led to cost increases as reported in the May ECMG meeting. However these works are now complete with commissioning having been undertaken in the week commencing 6<sup>th</sup> June.

The gamma camera has now been ordered with a 26 week lead time, which is expected to give time to undertake the required detailed design and tender work with the scheme able to complete in 22/23. A recent shared service audit of the ventilation in this area has been undertaken and has identified some additional works required and some issues around compliance. This delayed the issue of the tender, which was published in the week commencing 10<sup>th</sup> October however works are still due to complete



by March 2023. The install of the camera is currently scheduled for mid February 2023.

The Capital Team have worked with service colleagues to identify the works required to upgrade the DR (general X Ray) rooms in Royal Glamorgan Hospital (RGH) & Ysbyty Cwm Rhondda (YCR). Following a tender process, consultants were appointed to produce detailed specifications and drawings, which have been used to produce a works tender pack published on the 11<sup>th</sup> October with a tender return date of 31<sup>st</sup> October. The anticipated start on site is 14<sup>th</sup> November. Currently the projects are forecast to break even within their total allocations however this will remain a risk until the total amount of works are confirmed and tenders returned.

Works for the install of the MRI at RGH are minimal as the MRI is housed in an area which was subject to the £7M diagnostic hub investment back in 2017/18. However, the installation of the MRI upgrade itself was due to commence on 19<sup>th</sup> October but was halted due to operational concerns over reduced capacity. A plan is currently being developed by the service to address this issue and the installation (which takes 5 weeks) is now due to commence on 12<sup>th</sup> January. There is also a need to introduce a separate chiller for the room under updated guidance however this will not add significant cost to the scheme and it is expected that the works will complete in late February. Final costs are being determined and the table will be updated thereafter to show total forecast performance against the Imaging fund to date.

**Fire Enforcement Notice at Princess of Wales Hospital Main Theatres**

Approved Allocation £000	Previous Years Spend £000	22/23 AWCP allocation £000	Forecast 22/23 spend £000
720	343	397	Tbc

The fire enforcement notice was applied to the main theatre at POWH in December 2018, however the former ABMU Health Board was unable to discharge the full requirements prior to the boundary change. Since that time CTM has proactively worked to discharge the “below ceiling” elements of the notice covering storage and training however the above ceiling elements around the theatre infrastructure have proven more complex.

An initial WG approval in April 2021 released fees to develop a case to create a 6 theatre modular decant on the POWH site to enable theatres to move totally into another unit whilst the above ceiling works are

undertaken to remediate the area. This is due to the fact that the works cannot safely be undertaken with any theatres in situ, even with phased closures due to safety and Infection, Prevention & Control (IPC) concerns around segregation of clean and dirty areas, noise disruption and general Safety concerns.

Work proceeded to develop a design and cost plan, however the changes in the construction market and required procurement framework led to an increase in cost from the estimated £36M to £50M which was reported to WG in January 2022. At this point capital programme constraints led to a WG requirement to revisit alternative decant arrangements and carry out an option appraisal of the same.

Two stakeholder workshops were held over the spring and early summer which concluded that phased theatre closures with out of hours working would still not be an option due to the close adjacencies of wards which could NOT be closed as there could be no reduced bed capacity. As a result the general view was that it may be more effective to close theatres for the works duration but attempt to get works undertaken on extended days and shorten the programme as much as possible. Therefore the project scope became focused on alternative and lower cost decant options for theatres.

To address the closure of theatres plans were considered around the use of "spare" ophthalmology theatre sessions for day surgery to enable the day surgery to be used as trauma and CEPOD (2 theatres) – this will require installation of laminar flow into at least one of the theatres. However it is understood that this occurred during COVID with the emergency theatre so could be managed.

This would not provide additional capacity across CTM to continue to meet ongoing elective theatres requirements in locality so a number of potential options are being investigated from a technical infrastructure and patient safety and flow and overall theatre capacity perspective:

1. 2 mobile theatres and a modular supporting unit out the back of the hospital site on a temporary hire basis. The 2 day theatres would be used for emergency and trauma so this option would mean reduced day surgery capacity and loss of one main theatre capacity (currently running at 5) however suggestions that for a shortened programme could theatres run over extended session days to mitigate some loss of capacity, could sessions otherwise in CTMUHB be used? This is under further development

2. 4 mobile theatres and supporting infrastructure hired for shortened

period – this would be a very high short term cost with no long term benefits to the investment at this level. There will potentially need to be some managing of certain cases across CTMUHB as mobile theatres may not be suitable for all procedures.

5 Instead of mobile theatres an option of permanently increasing theatre capacity in POWH Eye Unit and creating an additional theatre alongside the disused maternity theatre at Royal Glamorgan Hospital is under consideration. Whilst this would require considerable movement of patients across CTM it would result on a long term improved and increased Theatre infrastructure within CTM.

A list of formal options was generated and scored at a second internal workshop on 30<sup>th</sup> June. Whilst there was no clear preferred option for the formal WG meeting on the 12<sup>th</sup> July there was an acknowledgement that Do Nothing and Do Minimum (FEN only) works with theatres in situ were not feasible.

In order to progress further a formal option appraisal considering all aspects of the design is required. Over the summer the construction supply chain partner has been checking the technical feasibility and likely costs of all options and alongside this the service, clinical and patient impacts are being evaluated. A fortnightly task group has been set up to develop this into a formal option appraisal to be discussed with WG over the winter. This should identify a preferred option to enable further fees to be funded for a business case which includes a fully tendered preferred option.

A formal update on the progress to date on the discharge of the POWH Fire Enforcement Notice (FEN) was presented to the Health Safety and Fire committee October Meeting, in addition to this a formal update on HB progress was presented to South Wales Fire & Rescue Service (SWFRS) in early October. Concerns remain within SWFRS about the need to identify a deliverable plan. Furthermore a formal review date will need to be arranged with WG to discuss the outcome of the option appraisal.

The Fire Enforcement notice has been extended twice since the Boundary change and is now due to expire on 31<sup>st</sup> December 2023. It is possible that this requires further extension so regular meetings and discussions are being held with SWFRS to discuss this.



## **Bridgend Locality Anti Ligature**

Approved Allocation £000	Previous Years Spend £000	22/23 AWCP allocation £000	Forecast 22/23 spend £000	Completion date
4,200	3,149	851	851	Oct 22

WG approved the requested sum of £4.2M over the period 20/21-22/23. Works commenced late in 20/21 and significant progress was made during 21/22 with completion of phase 1 comprising Ward 14, Angelton Clinic and POW PICU.

Phase 2 was initially a 35 week programme commencing on 2<sup>nd</sup> August and included Caswell Clinic, Taith Newydd and Cefn yr Avon. Whilst there have been some delays to the programme caused by Covid restrictions all works have completed apart from minor snagging and a final account is awaited.

In addition the mental health team based in Caswell have requested further works to rooms in Newton ward to support service changes. These works have now been costed, instructed and completed, and will be funded from the scheme contingency.

The core scheme is currently forecast to deliver an outturn underspend which is largely due to VAT savings, as well as scheme savings and efficiencies in delivery, which have meant no need to use contract or overall scheme contingency. At the last CRM there was agreement in principle to use part of the underspend to appoint an architect to undertake design works to address the QAIT concerns at Ty Llidiard. In principle WG are in agreement to the total underspend being used to carry out the design and works however it remains unclear whether this funding will be adequate.

There have been a number of changes to the scope of the Ty Llidiard scheme as a result of further walk-rounds and commissioner and user input. This has led to pressures on the pre tender estimate cost for this scheme. This has gone out to tender and returns and the total cost are awaited for further discussion with WG.

## **Royal Glamorgan Infrastructure Works – Electrical Infrastructure Phase 2**



Approved Allocation £000	Previous Years Spend £000	AWCP Allocation Remaining £000	Forecast 22/23 spend £000	Expected completion date
3,471	3,385	86.291	166.291	Dec 22

Following WG approval of the business case in January 2021, works commenced on site on the 15<sup>th</sup> March 2021 and were programmed to run for 11 months, completing in early February 2022. Unfortunately works initially experienced a combined 13 week delay associated with changes to layouts of plant areas as a result of supplier specification changes associated with newer technology and the Welsh Government’s decarbonisation agenda. In addition, the identification of poor workmanship by a sub-contractor to the plinths and flooring in the switchrooms caused a further 10 week delay (whilst remedial works were undertaken), which pushed the completion date back to late August 2022.

There have also been ongoing issues around the late procurement (and other organisational and coordination issues) by Western Power Distribution, the statutory undertaker, of essential electrical meters meaning substantial further delays. Completion is therefore now expected in late December. As a result the Health Board will incur additional contract costs however the contractor and our external consultants are doing all they can to try to mitigate these and finish in the soonest possible timeframe, and these additional costs can still currently be met from within the uplifted allocation.

Finally, there have also been discussions at Capital review meetings around the need to develop a Business justification case for cooling and ventilation systems. Tenders will be sought for fees to develop this business case.

**Centralised Decontamination Unit at POWH**

Approved Allocation £000	Previous Years Spend £000	22/23 AWCP allocation £000	Forecast 22/23 spend £000
195	136	59	120

The driver for this scheme was to lift the limited JAG accreditation that was given to the POWH endoscopy unit in 2018 as well as address the infrastructure, capacity and sustainability issues within the current “land locked” HSDU department on the first floor of the main building.

As a result, at a scoping meeting with WG, agreement was made for a Strategic outline case (SOC) followed by a single business justification case (BJC) to be developed looking at 2 options only – single or double storey build to create a separate centralised decontamination unit on the POWH site. A suitable location was identified but involved the demolition of some aged portacabins currently used as offices. Ideally a two storey solution would enable these offices to be located above the new unit otherwise they will need to be found accommodation on the POWH site.

The SOC was approved by ECMG in February 2020 and endorsed by WG in September 20 who released fees to develop the design and business case for WG submission in 22/23.

Since this date, detailed designed development has taken place with the consultants and service lead teams. This has enabled the tender package to be developed to be issued in November.

The pre-planning application (PAC) was submitted on 26<sup>th</sup> September and as at 17<sup>th</sup> October no responses have been received. The full planning application will be submitted around 28<sup>th</sup> October and will take between 8 and 12 weeks to be processed (depending on whether the BCBC decide to take it to Planning Committee).

Planning still remains on course for the business case to be completed in December and January and to go to ECMG at the end of January and to the next Board available post this date, however this remains subject to both the tender and planning outcomes.

### **Maesteg Hospital**

The original plan for this site was to apply for Intermediate Care Funding to develop a scheme to create a Health Park at Maesteg similar to that at Keir Hardie Health Park (KHHP). However a number of early stakeholder meetings took place pre the COVID pandemic but were on hold with the pandemic response. During the COVID pandemic the Maesteg beds were temporarily relocated to Ysybty Seren. Whilst these beds were relocated the Health Board was able to address the roofing issues and strip out the asbestos in the Llynfi ward area. In order to create a compliant ward area an investment of over £1m will be required to create a smaller more compliant unit.

To take the case forward a scoping meeting with WG was held on the 1<sup>st</sup> November just prior to the commencement of the programme of

stakeholder engagement. This consultation is being undertaken to shape the strategic direction of the site. At the WG scoping meeting it was agreed to reconvene in January after the consultation and engagement process has been undertaken to discuss the outcomes and shape the next steps in terms of business case preparation and timings.